

GIRLS INCORPORATED OF ORANGE COUNTY
FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

TABLE OF CONTENTS

INDEPENDENT AUDITORS' REPORT	1 - 2
FINANCIAL STATEMENTS	
Statements of Financial Position	3 - 4
Statements of Activities and Changes in Net Assets	5 - 6
Statements of Functional Expenses	7 - 8
Statements of Cash Flows	9
Notes to Financial Statements	10 – 19

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Girls Incorporated of Orange County

We have audited the accompanying financial statements of Girls Incorporated of Orange County (a nonprofit organization), which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

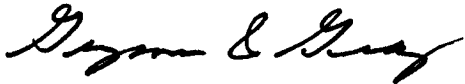
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITORS' REPORT (Continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Girls Incorporated of Orange County as of December 31, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



Guzman & Gray, CPA's
Long Beach, CA
April 2, 2020

GIRLS INCORPORATED OF ORANGE COUNTY
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2019

ASSETS			
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Current Assets			
Cash and cash equivalents	\$ 973,325	\$ 171,363	\$ 1,144,688
Certificates of deposit	80,149	-	80,149
Pledges and grants receivable, net	31,534	13,244	44,778
Prepaid expenses	145,905	-	145,905
Total Current Assets	<u>1,230,913</u>	<u>184,607</u>	<u>1,415,520</u>
Long-term pledges receivable, net	-	10,457	10,457
Property and equipment, net	<u>188,960</u>	<u>-</u>	<u>188,960</u>
TOTAL ASSETS	<u>\$ 1,419,873</u>	<u>\$ 195,064</u>	<u>\$ 1,614,937</u>

LIABILITIES AND NET ASSETS

Current Liabilities			
Accounts payable and accrued expenses	\$ 44,333	\$ -	\$ 44,333
Accrued payroll and payroll taxes	63,112	-	63,112
Accrued vacation	50,129	-	50,129
Deferred revenue	76,014	-	76,014
Total Current Liabilities	<u>233,588</u>	<u>-</u>	<u>233,588</u>
NET ASSETS	<u>1,186,285</u>	<u>195,064</u>	<u>1,381,349</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,419,873</u>	<u>\$ 195,064</u>	<u>\$ 1,614,937</u>

See Independent Auditors' Report and Accompanying Notes to the Financial Statements.

GIRLS INCORPORATED OF ORANGE COUNTY
 STATEMENTS OF FINANCIAL POSITION
 DECEMBER 31, 2018

ASSETS			
	Without Donor Restrictions	With Donor Restrictions	Total
Current Assets			
Cash and cash equivalents	\$ 633,737	\$ 168,860	\$ 802,597
Certificates of deposit	75,752	-	75,752
Pledges and grants receivable, net	73,172	48,652	121,824
Prepaid expenses	110,872	-	110,872
Total Current Assets	893,533	217,512	1,111,045
Long-term pledges receivable, net	-	19,618	19,618
Property and equipment, net	198,749	-	198,749
TOTAL ASSETS	\$ 1,092,282	\$ 237,130	\$ 1,329,412
LIABILITIES AND NET ASSETS			
Current Liabilities			
Accounts payable and accrued expenses	\$ 4,382	\$ -	\$ 4,382
Accrued payroll and payroll taxes	49,397	-	49,397
Accrued vacation	36,064	-	36,064
Deferred revenue	93,007	-	93,007
Total Current Liabilities	182,850	-	182,850
NET ASSETS	909,432	237,130	1,146,562
TOTAL LIABILITIES AND NET ASSETS	\$ 1,092,282	\$ 237,130	\$ 1,329,412

See Independent Auditors' Report and Accompanying Notes to the Financial Statements.

GIRLS INCORPORATED OF ORANGE COUNTY
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE AND OTHER SUPPORT			
REVENUE			
Program activities	\$ 123,361	\$ -	\$ 123,361
Interest	1,992	-	1,992
TOTAL REVENUE	<u>125,353</u>	<u>-</u>	<u>125,353</u>
OTHER SUPPORT			
Private grants	1,072,746	160,000	1,232,746
Contributions	557,739	-	557,739
Unrealized gain	2,742	-	2,742
Miscellaneous income	25,619	-	25,619
In-Kind income	36,112	-	36,112
Fundraising events	\$ 689,756		
Less: Cost of donor benefit expenses	<u>(193,419)</u>	<u>-</u>	<u>496,337</u>
TOTAL OTHER SUPPORT	<u>2,191,295</u>	<u>160,000</u>	<u>2,351,295</u>
NET ASSETS RELEASED FROM RESTRICTIONS			
	<u>202,066</u>	<u>(202,066)</u>	<u>-</u>
TOTAL REVENUE AND OTHER SUPPORT			
	<u>2,518,714</u>	<u>(42,066)</u>	<u>2,476,648</u>
EXPENSES			
Program services	1,745,302	-	1,745,302
Management and general	174,776	-	174,776
Fundraising	321,783	-	321,783
TOTAL EXPENSES			
	<u>2,241,861</u>	<u>-</u>	<u>2,241,861</u>
CHANGE IN NET ASSETS			
	276,853	(42,066)	234,787
BEGINNING NET ASSETS			
	<u>909,432</u>	<u>237,130</u>	<u>1,146,562</u>
ENDING NET ASSETS			
	<u>\$ 1,186,285</u>	<u>\$ 195,064</u>	<u>\$ 1,381,349</u>

See Independent Auditors' Report and Accompanying Notes to the Financial Statements.

GIRLS INCORPORATED OF ORANGE COUNTY
 STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
 FOR THE YEAR ENDED DECEMBER 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND OTHER SUPPORT			
REVENUE			
Program activities	\$ 136,536	\$ -	\$ 136,536
Interest	1,995	-	1,995
TOTAL REVENUE	138,531	-	138,531
OTHER SUPPORT			
United Way	87	\$ 50,000	50,087
Government grants	17,865	-	17,865
Private grants	1,092,289	300,000	1,392,289
Contributions	585,450	-	585,450
Gain on disposal of fixed assets	12,414	-	12,414
Unrealized loss	(2,312)	-	(2,312)
Miscellaneous income	868	-	868
In-Kind income	34,518	-	34,518
Fundraising events	\$ 428,260		
Less: Cost of donor benefit expenses	(87,631)	-	340,629
TOTAL OTHER SUPPORT	2,081,808	350,000	2,431,808
NET ASSETS RELEASED FROM RESTRICTIONS	251,264	(251,264)	-
TOTAL REVENUE AND OTHER SUPPORT	2,471,603	98,736	2,570,339
EXPENSES			
Program services	1,678,975	-	1,678,975
Management and general	155,334	-	155,334
Fundraising	402,579	-	402,579
TOTAL EXPENSES	2,236,888	-	2,236,888
CHANGE IN NET ASSETS	234,715	98,736	333,451
BEGINNING NET ASSETS	674,717	138,394	813,111
ENDING NET ASSETS	\$ 909,432	\$ 237,130	\$ 1,146,562

See Independent Auditors' Report and Accompanying Notes to the Financial Statements.

GIRLS INCORPORATED OF ORANGE COUNTY
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019

	Program Services	Management and General	Fundraising	Total
Salaries and wages	\$ 1,097,923	\$ 47,075	\$ 117,193	\$ 1,262,191
Program	262,995	-	-	262,995
Employee benefits	89,258	4,966	3,870	98,094
Pension	22,829	1,120	2,848	26,797
Payroll taxes	73,423	10,037	13,349	96,809
Office	18,382	5,912	4,621	28,915
Equipment	42,439	8,143	5,019	55,601
Postage	2,741	829	395	3,965
Printing	4,671	830	2,127	7,628
Events	6,410	-	222,924	229,334
Insurance	9,954	10,588	205	20,747
Professional services	12,572	67,896	61,100	141,568
Repair and maintenance	19,273	3,341	2,489	25,103
Depreciation	14,207	6,088	-	20,295
Communication and marketing	21,040	2,269	46,785	70,094
Vehicle	1,728	590	1,159	3,477
Utilities and telephone	8,149	1,807	1,094	11,050
Dues and subscriptions	1,925	92	583	2,600
Other taxes	1,722	218	1,305	3,245
Travel and meetings	9,033	1,767	4,434	15,234
Bank and credit card charges	2,714	263	14,708	17,685
Miscellaneous	17	945	279	1,241
In-Kind	21,897	-	8,715	30,612
	<u>1,745,302</u>	<u>174,776</u>	<u>515,202</u>	<u>2,435,280</u>
Less: Direct donor benefits	-	-	(193,419)	(193,419)
TOTAL EXPENSES	<u><u>\$ 1,745,302</u></u>	<u><u>\$ 174,776</u></u>	<u><u>\$ 321,783</u></u>	<u><u>\$ 2,241,861</u></u>
	77.85%	7.80%	14.35%	100%

See Independent Auditors' Report and Accompanying Notes to the Financial Statements.

GIRLS INCORPORATED OF ORANGE COUNTY
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018

	Program Services	Management and General	Fundraising	Total
Salaries and wages	\$ 987,323	\$ 86,470	\$ 121,237	\$ 1,195,030
Program	230,450	-	-	230,450
Employee benefits	88,852	5,183	16,235	110,270
Pension	16,118	251	2,611	18,980
Payroll taxes	98,165	10,851	20,326	129,342
Office	10,534	1,680	5,783	17,997
Equipment	50,626	4,986	11,840	67,452
Postage	2,525	220	1,347	4,092
Printing	3,975	315	2,524	6,814
Events	-	-	180,626	180,626
Insurance	16,388	1,652	4,955	22,995
Professional services	27,402	16,153	74,993	118,548
Repair and maintenance	22,091	5,655	8,915	36,661
Depreciation	22,878	943	1,168	24,989
Communication and marketing	22,356	3,184	11,568	37,108
Vehicle	14,099	1,003	204	15,306
Utilities and telephone	6,281	426	1,242	7,949
Dues and subscriptions	788	87	1,808	2,683
Other taxes	1,511	123	3,117	4,751
Travel and meetings	8,862	1,204	3,315	13,381
Bank and credit card charges	2,045	403	15,885	18,333
Miscellaneous	11,188	14,545	511	26,244
In-Kind	34,518	-	-	34,518
	<u>1,678,975</u>	<u>155,334</u>	<u>490,210</u>	<u>2,324,519</u>
Less: Direct donor benefits	-	-	(87,631)	(87,631)
TOTAL EXPENSES	<u>\$ 1,678,975</u>	<u>\$ 155,334</u>	<u>\$ 402,579</u>	<u>\$ 2,236,888</u>
	75.06%	6.94%	18.00%	100%

See Independent Auditors' Report and Accompanying Notes to the Financial Statements.

GIRLS INCORPORATED OF ORANGE COUNTY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 234,787	\$ 333,451
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	20,295	24,989
Gain on disposal of assets	-	(12,414)
In-kind contribution of property & equipment	(5,500)	-
Unrealized (gain)/loss	(2,742)	2,312
Dividends reinvestment	(1,655)	(1,567)
(Increase) decrease in:		
Pledges and grants receivable	86,207	(23,696)
Prepaid expenses	(35,033)	(101,316)
Increase (decrease) in:		
Accounts payable and accrued expenses	39,951	(8,930)
Accrued payroll and payroll taxes	13,715	4,173
Accrued vacation	14,065	(7,305)
Deferred revenue	(16,993)	(8,652)
Net Cash Provided by Operating Activities	347,097	201,045
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property & equipment	(5,006)	(15,489)
Proceeds from sale of property & equipment	-	15,000
Net Cash Used for Investing Activities	(5,006)	(489)
NET CHANGE IN CASH AND CASH EQUIVALENTS	342,091	200,556
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	802,597	602,041
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 1,144,688	\$ 802,597
 <u>SUPPLEMENTAL DISCLOSURES</u>		
INTEREST PAID	NONE	NONE
TAXES PAID	NONE	NONE

See Independent Auditors' Report and Accompanying Notes to the Financial Statements.

GIRLS INCORPORATED OF ORANGECOUNTY
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

NOTE 1 - ORGANIZATION

Girls Incorporated of Orange County (GIOC) is a non-profit youth development organization serving girls ages 5 – 18 in Orange County since 1954. Its mission is to inspire all girls to be strong, smart and bold. GIOC is an affiliate of the Girls Incorporated national organization which is one of the nation's leading research and evaluation organizations on issues pertaining to girls and young women. GIOC is unique in providing programs developed by both the national organization and GIOC locally that have proven to be effective in teaching girls to be strong, smart and bold. GIOC provides programs for girls during the school year and summer at the GIOC facility in Costa Mesa and at elementary, middle, and high school sites throughout Orange County, also college campuses, community centers and juvenile detention facilities. All programs are delivered with a youth development approach that addresses the comprehensive needs of girls and their families and encompasses areas such as Health & Nutrition, Physical Fitness, Healthy Body Image, Prevention of Personal Violence and Substance Abuse, Science, Technology, Engineering, and Math (STEM), Literacy, Financial Literacy, College and Career Planning, Personal Safety, Leadership and Advocacy. GIOC programs serve more than 3,500 girls throughout Orange County. More than 75% of those girls are considered to be low to moderately low income.

GIOC is affiliated with Girls Incorporated national network of 83 affiliates that operate in over 1,500 centers and programming sites in 300 cities across North America and Canada. Girls Incorporated offers educational programs and activities in an equitable environment to help prepare girls for confident and responsible adulthood, economic independence, and personal fulfillment. The cost of this year's affiliation is an annual fee equivalent to approximately one percent (1%) of expenses with a maximum of \$12,000.

GIOC funds its operations through fundraising, events, soliciting individual and corporate donors, grants and through some fee-based programs.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation

The accompanying financial statements of the Organization are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenue, gains, and losses are classified based on donor-imposed restrictions. Accordingly, net assets are classified and reported as:

GIRLS INCORPORATED OF ORANGE COUNTY
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Without Donor Restrictions – Those resources not subject to donor-imposed restrictions. The board of directors has discretionary control over these resources. Designated amounts represent those net assets that the board has set aside for a particular purpose.

With Donor Restrictions – Those resources subject to donor imposed restrictions that will be satisfied by action of the Organization or by the passage of time.

The Organization has elected to present contributions with donor restrictions that are fulfilled in the same period within the net assets without donor restrictions class.

Pledges and grants

Pledges and grants are recorded in the financial statements when the donor makes a written promise to give that is in substance unconditional even though these pledges and grants may be paid over subsequent years. Donor-restricted pledges and grants are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Donor restricted pledges and grants whose restrictions are met in the same reporting period, are reported as net assets without donor restriction. Net assets that are legally without restriction, including any cash internally designated by GIOC's Board of Directors, are reported as part of the without restriction class. An allowance for uncollectible pledges and grants receivable is provided based upon management's judgment, including such factors as prior collection history, type of contribution, and nature of fund-raising activity.

GIOC may be named as a beneficiary in various wills and trusts from time to time or may be negotiating receipt of pledges, but due to the contingent nature of the receipt and amount of such funds, no amounts are recorded until they become unconditional.

In Kind Contributed Materials and Services

Contributed materials are recorded at their fair market value where an objective basis is available to measure their value. Such items are capitalized or charged to operations as appropriate.

Contributed services are recorded at fair value at the date of donation only if the services (a) create or enhance nonfinancial assets, or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. A substantial number of business and unpaid volunteers have made significant contributions of time and equipment use to GIOC project development, fundraising, and operations.

GIRLS INCORPORATED OF ORANGE COUNTY
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

GIOC considers all highly-liquid investments, which are readily convertible to known amounts of cash and which have an original maturity of three months or less, to be cash equivalents. Certificates of deposit are recorded at cost. Certificates of deposit with maturities greater than three months as of December 31, 2019 and 2018 totaled \$80,149 and \$75,752, respectively.

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Property and Equipment

GIOC capitalizes property and equipment over \$500. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as contributions without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as contributions with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, GIOG reports expirations of donor restrictions when the donated or acquired assets are placed in service. GIOG reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Property and equipment are depreciated using the straight-line method over the estimated useful lives of the respective assets ranging from three to ten years.

Deferred Revenue

Certain revenues are received during the year for activities to be held in the next fiscal year. These revenues are deferred into the next years' operations. Deferred revenue at December 31, 2019 and 2018 were \$76,014 and \$93,007, respectively.

Fair Value of Financial Instruments

Generally accepted accounting principles (GAAP) define fair value as the price that would be received to sell an asset or paid to transfer liability in an orderly transaction between market participants at the measurement date. GAAP also establishes a framework for measuring fair value and expands disclosures about fair value measurements.

GIRLS INCORPORATED OF ORANGE COUNTY
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation which is allocated on a square footage basis, as well as salaries, payroll taxes, employee benefits, professional services, office expenses, and other which are allocated on the basis of estimates of time and effort.

Income Taxes

GIOC is a qualified nonprofit organization that is exempt from federal and state income taxes under Section 501(c) (3) of the Internal Revenue Code and Section 23701(d) of the California Revenue Code. This exemption is for all income taxes except for those assessed on unrelated business income, if any. The Internal Revenue Service has classified GIOG as other than a private foundation.

GIOC evaluates uncertain tax positions whereby the effect of the uncertainty would be recorded if the tax positions will more than likely than not to be sustained upon examination. As of December 31, 2019, management does not believe GIOG has any uncertain tax positions requiring accrual or disclosure. GIOG is subject to potential income tax audits on open tax years by any taxing jurisdiction in which it operates. The statute of limitations for federal and California state purposes is generally three and four years, respectively.

New Accounting Pronouncements Implemented

For the years ended December 31, 2019 and 2018, GIOG adopted the Financial Accounting Board's (FASB) Update ASU 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*. This guidance is intended to improve the net asset classification requirements and the information presented in the financial statements and notes about a not-for-profit entity's liquidity, financial performance, and cash flows. Main provisions of this guidance include: presentation of two classes of net assets versus the previously required three; recognition of capital gifts for construction as a net asset without donor restrictions when the associated long-lived asset is placed in service; and recognition of underwater endowment funds as a reduction in net assets with donor restrictions. The guidance also enhances disclosures for board designated amounts, composition of net assets without donor restrictions, liquidity, and expenses by both their natural and functional classification.

GIRLS INCORPORATED OF ORANGE COUNTY
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Pronouncements Implemented

For the years ended December 31, 2019 and 2018, GIOC adopted FASB ASU 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (ASU 2018-08)*, which provides additional guidance on characterizing grants and similar contracts with resource providers as either exchange transactions or contributions.

Recently Issued Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842) (ASU 2016-02)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, Leases. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard is effective for fiscal years beginning after December 15, 2020, including interim periods within those fiscal years. GIOC is currently evaluating the impact of the adoption of the new standard on the financial statements.

Reclassifications

Certain amounts presented in the prior year financial statements have been reclassified in order to be consistent with the current year's presentation.

Reporting of Subsequent Events

GIOC has evaluated events and transactions for potential recognition or disclosure through April 2, 2020, which represents the date the financial statements were available to be issued. The following are transactions that occurred after December 31, 2019:

1. The sale of GIOC's office facilities located in Anaheim, California closed on March 27, 2020 for \$2,525,000. GIOC received cash totaling \$2,388,955.
2. In March 2020, GIOC and an unrelated nonprofit organization entered into a single-tenant lease agreement for use of office facilities by GIOC. The agreement is a six-month lease with a monthly rental payment of \$9,000.

The Global Coronavirus Outbreak has not created any significant financial impact on the Organization at this time. However, any future cancellation of significant special fundraising events and unforeseen business interruptions caused by the Outbreak could have an adverse effect on GIOC's operations and cash flow.

GIRLS INCORPORATED OF ORANGE COUNTY
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

NOTE 3 – PLEDGES AND GRANTS RECEIVABLE

During the year, the pledges and grants receivable consists of single year promises from individuals, corporations, and foundations and two multi-year promises from individual donors. The pledge receivables to be received in more than one year are discounted at 3% and 3.5% at December 31, 2019 and 2018, respectively.

Pledges and grants receivables at December 31, 2019 are as follows:

<u>Year Ending December 31,</u>	
2020	\$ 44,778
2021	11,000
2022	1,000
2023	<u>1,000</u>
	57,778
Less present value discount	(<u>2,543</u>)
Pledges to receive, net	55,235
Less current portion, net	(<u>44,778</u>)
Long term portion, net	<u>\$ 10,457</u>

Pledges and grants receivables at December 31, 2018 are as follows:

<u>Year Ending December 31,</u>	
2019	\$ 121,824
2020	11,000
2021	11,000
2022	<u>1,000</u>
	144,824
Less present value discount	(<u>3,382</u>)
Pledges to receive, net	141,442
Less current portion, net	(<u>121,824</u>)
Long term portion, net	<u>\$ 19,618</u>

GIRLS INCORPORATED OF ORANGE COUNTY
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

NOTE 4 – ANNUAL FUNDRAISING EVENTS

GIOC conducts an annual fundraising event to assist in funding program operations. All revenue received in excess of expenses from this event is used for the current program operations. The costs that are direct benefits to the donors are included in the Direct donor benefits in the accompanying statements of activities and changes in net assets. The annual fundraising event's revenues and expenses are as follows for the years ended December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Gross revenue	\$ 689,756	\$ 428,260
Direct donor benefits	<u>(193,419)</u>	<u>(87,631)</u>
Revenue, net of direct donor benefits	<u>\$ 496,337</u>	<u>\$ 340,629</u>

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	<u>2019</u>	<u>2018</u>
Land	\$ 22,000	\$ 22,000
Building	446,917	446,917
Furniture and equipment	320,846	310,339
Vehicles	44,000	44,000
Website upgrade	<u>10,000</u>	<u>10,000</u>
	843,763	833,256
Less: Accumulated depreciation	<u>(654,803)</u>	<u>(634,507)</u>
Property and equipment, net	<u>\$ 188,960</u>	<u>\$ 198,749</u>

Depreciation for the years ended December 31, 2019 and 2018 totaled \$20,295 and \$24,989, respectively.

GIRLS INCORPORATED OF ORANGE COUNTY
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

NOTE 6 – LEASES

In 2017, GIOC renewed a non-cancelable equipment lease agreement which expires in 2022. The lease agreement requires a monthly lease payment of \$367.

The remaining future minimum rental payments under the lease agreement as of December 31, 2019 are as follows:

<u>Year Ending December 31,</u>	
2020	\$ 4,404
2021	4,404
2022	<u>4,404</u>
	<u>\$ 13,212</u>

NOTE 7 - NET ASSETS WITH RESTRICTIONS

Net assets with restriction activity at December 31, 2019 consists of the following:

	Assets with Donor Imposed Time Restrictions	Assets with Donor Imposed Purpose Restrictions	Total Net Assets with Donor Retrictions
Beginning balance	\$ 40,770	\$ 196,360	\$ 237,130
Contributions	-	160,000	160,000
Releases	<u>(17,068)</u>	<u>(184,998)</u>	<u>(202,066)</u>
Ending balance	<u>\$ 23,702</u>	<u>\$ 171,362</u>	<u>\$ 195,064</u>
Purpose restrictions:			
STEM		\$ 106,666	
Construction and Renovation		<u>64,696</u>	
		<u>\$ 171,362</u>	

GIRLS INCORPORATED OF ORANGE COUNTY
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

NOTE 7 - NET ASSETS WITH RESTRICTIONS (CONTINUED)

Net assets with restriction activity at December 31, 2018 consists of the following:

	Assets with Donor Imposed Time Restrictions	Assets with Donor Imposed Purpose Restrictions	Total Net Assets with Donor Retrictions
Beginning balance	\$ 81,246	\$ 57,148	\$ 138,394
Contributions	-	350,000	350,000
Releases	(40,476)	(210,788)	(251,264)
	<u>40,770</u>	<u>196,360</u>	<u>237,130</u>
Ending balance	<u>\$ 40,770</u>	<u>\$ 196,360</u>	<u>\$ 237,130</u>
Purpose restrictions:			
Early Reading Program		\$ 37,500	
STEM		73,912	
Construction and Renovation		72,661	
Literacy Lab		12,287	
		<u>\$ 196,360</u>	

NOTE 8 - CONCENTRATION OF CREDIT RISK

GIOC maintains cash in a financial institution which may, at times, exceed FDIC insured maximum deposit insurance amount of \$250,000. Uninsured balances were \$626,903 and \$873,623 at December 31, 2019 and 2018, respectively.

Cash and cash equivalents and certificate of deposit balances deposited and maintained by financial institutions and brokerage firms differ from cash and cash equivalents and investments presented in the statement of financial position due to timing differences of financial institution bank account balances and classification of money market account balances held at brokerage firms.

GIOC operates in Southern California and is subject to fluctuations in the local economy which could impact contributions, specifically grants and donations.

GIRLS INCORPORATED OF ORANGE COUNTY
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

NOTE 9 – PENSION PLAN

GIOC adopted a SIMPLE IRA plan in 1998. Eligible employees who are below age 50 may contribute a percentage of their salary, up to \$12,000. Employees who are age 50 and over, may contribute up to \$15,500. GIOC may match their contribution up to the lesser of 3% of their annual salary or \$6,000. Matching contributions for the years ended December 31, 2019 and 2018 were \$26,797 and \$18,980, respectively.

NOTE 10 – LIQUIDITY AND AVAILABILITY

The Organization maintains and manages adequate operating funds per policies set by the board of directors.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of December 31, 2019, comprise the following:

Total financial assets:	
Cash and cash equivalents	\$ 1,144,688
Certificates of deposit	80,149
Pledges and grants receivable	<u>55,235</u>
	1,280,072
Less:	
Deferred revenue	(76,014)
Donor-imposed restrictions	<u>(195,064)</u>
Financial assets available to meet	
cash needs for general expenditures	
within one year	<u>\$ 1,008,994</u>

The Organization maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities and other obligations come due.

In addition to financial assets available to meet general expenditures over the next 12 months, the Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.